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The Manufacturers Hanover
Financial Digest
Weekly Commentary, Selected Financial Data, and Business Indicators

MONDAY, SEPTEMBER 16, 1985 VOLUME XXII, NUMBER 32

Global Employment Performance . . .

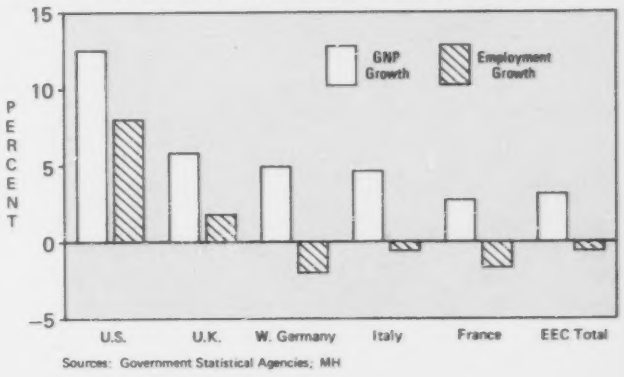
Last month the U.S. economy again demonstrated its impressive capacity for job creation. After six consecutive months during which the U.S. civilian unemployment rate held steady at 7.3 percent, unemployment edged down in August to seven percent—encouraging hopes for faster growth, near term. Equally important, 310,000 new jobs were added, boosting the working population to a record level of more than 107 million. Further, the new jobs in August were spread throughout most sectors of the economy. Employment in goods-producing industries rose by 53,000 last month while service industries continued to expand rapidly, adding 235,000 new jobs. Since the beginning of the current economic upswing in November 1982 the U.S. economy has generated almost eight million jobs, an overall increase in the civilian work force of about eight percent.

In sharp contrast to U.S. job performance, other major industrialized nations—particularly in Europe—have found it difficult to translate economic growth into rising employment. Between the end of 1982 and mid-1985 real GNP in the U.S. grew by 12½ percent while employment increased by eight percent (see chart). In the same period West Germany, Europe's largest economy, saw its real GNP rise by about six percent but employment actually fall by about two percent; France's real growth of 2¾ percent was accompanied by a decline of 1¾ percent in total employment. The unemployment rate for the European Economic Community jumped from an average of nine percent in 1982 to 11 percent in the second quarter of this year, while in the U.S. the jobless rate declined from 9.7 percent to 7.3 percent.

. . . Varies Widely

The reasons for the wide difference in job creation in the U.S. compared with most of the other industrial nations are many and varied. Most of them are structural—that is, built into the way the different economies work, rather than the result of the business cycle. The most important of the structural obstacles to rapid job creation abroad is the relative inflexibility of the European economies compared with the U.S. The mobility of this country's workers has been a major factor in creating a flexible and responsive labor force, helping to match jobs with workers. The willingness of American labor to move to new opportunities as well as the comparative ability that employers have to vary the size of their work force (and consequently labor costs) is quite different from the traditions of lifetime job security, and/or the legal barriers to releasing workers commonly found abroad. As a consequence employers overseas are reluctant to hire in periods of growth, preferring to seek productivity gains through other means.

REAL GNP GROWTH VS. EMPLOYMENT GROWTH IN SELECTED COUNTRIES (PERCENT CHANGE 2ND QTR. 1985 OVER 4TH QTR. 1982)



Sources: Government Statistical Agencies; MH

At the same time, a higher degree of unionization abroad has resulted in more rapid growth in real wages than in productivity in Europe in recent years. This has discouraged employment increases, particularly for entry-level workers. In the U.S., on the other hand, real wage gains for workers have been modest at best. Adding to the costs of labor in Europe has been the growth of fringe benefits to the point where, in some instances, they about equal the basic wage. In West Germany, for example, fringe benefits add close to 80 percent of the basic wage and in Italy fringes add about 94 percent. In the U.S. fringes are about 38 percent of the average worker's salary.

There are additional factors that distinguish the U.S. economy from the other industrial economies. The rapid growth of service industries which are labor-

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intensive, the rise of high technology industries based on entrepreneurship and innovation are hallmarks of the American economy. Moreover, in recent years, a wave of deregulation in this country has expanded opportunities for growth.

As the U.S. has pursued a policy of growth stimulated by high government budget deficits over the past several years, many European countries, concerned about the size of government spending and the effects of past high inflation, have followed contrary policies aimed at containing their deficits and inflation at the expense of encouraging economic growth. While this country has cut taxes and encouraged deficit financing, the thrust of fiscal and monetary policies abroad has been toward spending restraint and revenue enhancement.

Unfortunately, in many European countries government spending has tended to discourage employment. Social welfare and unemployment programs, as well as subsidies for some troubled industries, have grown at the expense of public investment in infrastructure. What is more, the liberality of unemployment payments in some countries has also discouraged workers from actively seeking new jobs.

European Job Growth Lags

Not all of the barriers to rapid job creation abroad in recent years have been structural. The modest cyclical economic upswing in Europe in the past few years has been more in response to U.S. economic growth than to internally generated forces. Skyrocketing demand for imports by the U.S.

Selected Federal Reserve Data

(Averages of Daily Figures—Billions of Dollars)

	Week Ending 9/11/85	$ Change Since Week Ago	$ Change Since Year Ago
Reserve Bank Credit			
U.S. Gov'ts and Agencies Owned Outright & RPs	179.329	– .026	+17.649
Loans to Depository Inst.	1.091	– .601	– 6.412
Float	.753	+ .196	+ .039
Total Reserve Bank Credit	193.554	– .317	+15.250
Treasury Deposits with Federal Reserve Banks	3.790	+ .451	– .143
Currency in Circulation	189.375	+ .615	+11.883
Gov'ts held for Foreign Acct. by F.R. Banks (End-of-Week)	128.208	+ .597	+ 9.541
	9/11/85		
Member Bank Reserves:			
Total Reserves Held	43.057	+ .631	+ 5.008
Excess (Deficiency)	.598	– .371	– .036
Net Borrowed Reserves	.125	+ .616	+ .005

Monetary Aggregates†		% Change Since Three Months Ago*	% Change Since Year Ago
M1 (9/2/85)	609.8	+ 16.5‡	+ 10.5‡
M2 (August '85)	2,513.3	+ 11.2	+ 9.6
M3 (August '85)	3,136.3	+ 7.9	+ 8.9
Domestic Nonfinancial Debt (1st Q'85)	6,147.0	+ 11.3	+ 13.6

†Seasonally adjusted.

*Seasonally adjusted annual rate.
‡Four-week moving average.

New York Money Market

Offering Rates 9/13/85	3 Months	6 Months	1 Year
‡U.S. Treasury Bills	7.20%	7.38%	7.56%
* Federal Agencies	8.25	8.70	9.30
* Municipal Notes—High Grade (46% Taxable Equivalent)	9.26	9.54	9.72
Negotiable Time CDs Manufacturers Hanover		Rates By Arrangement	
* Secondary Market—Prime	7.95	8.25	8.65

‡Finance Company Paper—Prime		‡* Bankers' Acceptances	
5- 14 days	7.80%	Oct.	7.90%
15- 29 days	7.90	Nov.	7.90
30- 59 days	7.95	Dec.	7.90
60- 89 days	7.90	Jan.	8.00
90-179 days	7.90	Feb.	8.00
180-239 days	7.90	Mar.	8.00
240-270 days	7.90		

‡Industrial Paper—Prime		†Federal Funds Effective Rate	7.80%
30- 89 days	7.95%		
90-120 days	7.95		

‡Discount basis. * Subject to availability. † Estimated.

Selected Business Indicators

(All Dollar Figures in Billions)

	Latest Period or End of Period		Previous Period	Year Ago Period
Gross National Product (Current Dollars)*	2nd Q'85	$ 3,855	$ 3,811	$ 3,645
Gross National Product (1972 Dollars)*	2nd Q'85	$ 1,672	$ 1,664	$ 1,639
Percent Change, Annual Rate	2nd Q'85	2.0	0.3	7.1
Change in Consumer Prices*	Jul '85	2.4%	2.4%	3.6%
Change in Producer Prices*	Aug '85n	– 3.6%	+ 3.6%	– 2.4%
Civilian Employment (Thousands of Persons)†	Aug '85	107,172	106,862	105,148
Unemployment as % of Civilian Labor Force†	Aug '85	7.0%	7.3%	7.5%
Personal Income*	Jul '85	$ 3,189	$ 3,176	$ 3,028
Leading Indicators Composite Index (1967=100)†	Jul '85	168.7	168.0	163.9
Industrial Production Index (1977=100) †	Aug '85n	124.8	124.4r	123.5
Net Change in Consumer Installment Credit †	Jun '85	$ 6.79	$ 9.04	$ 7.08
U.S. Merchandise Trade Balance †	Jul '85	–$ 10.51	–$ 13.42	–$ 13.77
Plant and Equipment Expenditures*	4th Q'85n	$387.40(a)	$389.54(a) r	$368.29
Private Housing Starts (Thousands of Units)*	Jul '85	1,654	1,694	1,730
New Construction Expenditures*	Jul '85	$ 349.5	$ 345.4	$ 319.1
Total Business Inventories †	Jun '85	$ 580.1	$ 577.8	$ 552.4
Total Business Sales †	Jun '85	$ 419.2	$ 428.3	$ 414.0

*Seasonally adjusted annual rate. †Seasonally adjusted. n-Newly reported figure. r-Revised. a-Anticipated.

reflecting the strength of the dollar and the stimulus of the Federal budget deficit have created export-led recoveries abroad which owe little to either strong domestic demand or capital investment. And as our dollars have flowed out to these countries in payment for their exports, they have flowed back into the U.S. in response to our high real interest rates and other investment opportunities, leaving little at home for domestic investment. Consequently, European and Japanese economic growth in the past several years has hung perilously on U.S. economic performance and will continue to do so.

Indeed, although the prospects for growth in Europe and Japan are seen by some observers as improving during the rest of this year and in 1986, this optimistic view is based upon two assumptions; first, that the U.S. economy will experience a new burst of growth, and second, that the restrictive monetary and fiscal policies of these nations will change as several major countries face elections over the next 18 to 24 months. Both assumptions are problematic.

A more realistic scenario is for a continuation of modest growth in the U.S. and the other industrial countries well into 1986. The U.S. economy is expected to grow by about the same rate next year as this year—some 2½ percent. The other industrial countries as a group will also likely average about 2½ percent this year and next. Growth at this rate will not reduce European unemployment. In fact, unemployment may well continue to rise if economic activity slackens in response to a decline in U.S. import demand. H

Short Term Paper Outstanding

(Millions of Dollars)

	Latest Week	Change Since Week Ago	Change Since Year Ago
Time Deposits of $100,000 or more Weekly Reporting Banks			
Nationwide (8/28/85)	156,249	+ 182	– 2,408
New York City (9/4/85)	32,615	+ 395	– 2,405
Commercial Paper (9/4/85)	273,953	+ 2,324	+53,369

Bank Loans

(Millions of Dollars)

Commercial and Industrial Loans

Weekly Reporting Large Commercial Banks	Latest Week	Change Since Week Ago	Change Since Year Ago
Nationwide (8/28/85)	251,583	+ 387	+ 7,421
New York City (9/4/85)	60,751	+ 1,048	– 3,954

Total Loans and Leases Gross Adjusted

	Latest Week	Change Since Week Ago	Change Since Year Ago
Nationwide (8/28/85)	681,891	– 2,707	+ 61,155
New York City (9/4/85)	154,612	+ 5,010	+ 13,370

Financial Markets

	Friday 9/13/85	Change Since Week Ago	Change Since Year Ago
U.S. Governments, Closing Yields:			
90-Day Bills†	7.41%	– .06	– 3.31
180-Day Bills†	7.74	– .05	– 3.36
Longest Bills†	8.10	– .08	– 3.30
Recent Issues:			
8⅞s 8/31/87	9.00	– .11	
9⅝s 6/30/89	9.65	– .14	
10½s 8/15/95	10.38	– .10	
10⅝s 8/15/15	10.60	– .12	
Municipals:			
Bond Buyer–20 Bond Index* (9/12/85)	9.26%	+ .19	– .84
Blue List Total ($ Million)	$1,874	+ $104	+ $ 341
30-Day Visible Supply ($ Million)	$4,731	+ $257	– $ 78
Total	$6,605	+ $361	+ $ 263
Corporates:			
Moody's Aa Composite (9/12/85)	11.54%	+ .19	– 1.74
30-Day Visible Supply ($ Million)	$2,385	+ $ 95	+ $1,200
Stocks:			
Dow-Jones Averages:			
Industrials	1,307.68	– 28.01	+ 70.16
Transportation	658.47	– 19.08	+ 131.95
Utilities	152.60	– 6.56	+ 19.80
65 Stocks	537.20	– 14.33	+ 57.05
Standard and Poor's 500 Stocks	182.91	– 5.33	+ 14.13
N.Y.S.E. Composite Index	105.85	– 3.20	+ 8.80
N.Y.S.E. Avg. Daily Vol. for Week (000's)	102,854	+13,691	+ 2,086

* 46% Taxable equivalent 17.15%.

† Bond equivalent.

International Rates

EURODOLLAR DEPOSIT RATES (bid)	Friday 9/13/85	Week Ago
Overnight	7.75%	7.63%
1 month	8.19	8.00
3 month	8.38	8.19
6 month	8.63	8.38
1 year	9.06	8.75
EURODOLLAR BONDS		
Average Yield		
Medium Term (5 to 7 yrs.)	10.15%	10.15%
Long Term (7 to 15 yrs.)	10.60	10.60

FOREIGN EXCHANGE SPOT RATES

New York Opening (9/13/85)	U.S. $ Equivalent	Currency Per U.S. $
Belgium	.01698	58.9000
Canada	.7276	1.3743
Denmark	.09398	10.6400
France	.1124	8.8950
Germany	.3426	2.9185
Italy	.0005135	1947.50
Japan	.004127	242.30
Mexico	.002670	374.50
Netherlands	.3052	3.2770
Switzerland	.4157	2.4055
U.K.	1.3365	.7482

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The Manufacturers Hanover
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Weekly Commentary, Selected Financial Data, and Business Indicators

MONDAY, SEPTEMBER 23, 1985 VOLUME XXII, NUMBER 33

Consumers Go On Spending . . .

To those concerned about a further slowing of the pace of business activity, the "flash" estimate of real GNP growth in the third quarter provided much comfort. According to the Commerce Department's report, the economy is expanding at an inflation-adjusted 2.8 percent annual rate in the current quarter, nearly three times faster than the increase posted during the first half of the year. Among the reasons for the upturn in GNP growth are a probable narrowing of the trade deficit, an increase in government purchases, and perhaps most important, another good-sized increase in consumer spending.

Consumer spending is usually influenced by the near-term outlook for the economy in general and employment and income prospects in particular. On these counts, consumers have reasons to be optimistic. The economy seems to be perking up, inflation rates are relatively low, civilian employment is at a record level and the unemployment rate dropped to seven percent last month after being stuck at 7.3 percent for half a year. In response to these upbeat statistics, the consumer is reappearing in the nation's stores, after several months of indecision. Retail sales rose a strong 1.9 percent in August month-over-month, aided by record new domestic car sales in late August and strong back-to-school shopping. It was the largest monthly increase, with one exception, since April, 1984.

With spending turning decidedly higher, retailers and economists alike are questioning whether it will continue, especially into the all-important Christmas selling season. The answer seems to be yes for 1985, but some clouds on the horizon for 1986. The Conference Board's buying plans index, for example, which measures consumers' intentions to purchase such big-ticket items as automobiles, houses and appliances, rose again in August, even though people's confidence dipped slightly.

The record pace of auto sales in the last ten days of August and early September serves to underscore the fact that the consumer has not run out of steam yet. Although two special circumstances helped car sales reach such levels—the end of the haulers' strike and low financing rates—new domestic car sales should remain relatively strong throughout the rest of the year, especially in light of the fact that the average age of cars on the road is 7½ years—about the oldest in the postwar era. What is more, with dealers' inventories drained by the current sales pace, stock replenishment alone suggests that production levels during late 1985 will probably be higher than anticipated, boding well for GNP growth.

But consumers are stepping up spending on other items as well. Sales of new single-family homes have been moving higher all summer long, buoyed by lower mortgage interest rates. So, too, major home appliance sales have jumped. The home appliance industry expects to ship more than 40 million major appliances in 1985, up about one million units from the record level set one year earlier. One of the main forces behind these record shipments is the need to replace some of the 225 million units that consumers bought in the early 1970s. And, since 95 percent of large appliances sold, excluding microwave ovens, are domestically built, the hard-pressed manufacturing sector will get a lift from this development.

. . . In Spite Of Slower Income Growth . . .

However, one reason why consumers may begin to retrench in 1986 is a slowdown in personal incomes growth. After surging during the initial three quarters of 1984, the rate of growth has tapered off considerably. The largest component, wage and salary disbursements, has not kept pace with earlier periods because employment has expanded more slowly this year. Meanwhile, low inflation rates have kept down cost-of-living adjustments to wages, while for many in industrial America, job security has become more important than pay increases. Interest income growth has also tapered off because of the drop in interest rates. As a result, buying power, or disposable income adjusted for inflation, has fallen in three of the last seven months, and in August was only about 1½ percent higher than its year-earlier level; 12 months ago, the yearly gain in buying power was 7.9 percent.

Not surprisingly, this slowdown in incomes has affected the financial condition of the consumer

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sector. The savings rate in August was the lowest for any month in at least 26 years. And a look at household finances reveals that from the end of the 1981-82 recession to the first quarter of 1985, people's assets grew 17.3 percent, while their liabilities rose 27.1 percent. As a result, consumers' net worth rose by 15½ percent, modest when compared with the 20 percent increases posted during comparable recoveries.

On the asset side, mediocre increases in such tangible assets as houses and land held down the bottom-line total. The value of these assets rose by less than ten percent over the nine-quarter period, owing in part to the low increases in home prices. On the other hand, consumers did rapidly increase their holdings of corporate equities and credit instruments such as government securities and corporate bonds. However, this was not enough to outdistance the jump in liabilities.

. . . And Lofty Debt Levels

The uneven growth in assets and liabilities has fueled concern in some quarters about household indebtedness, especially in the area of consumer credit. Total consumer credit outstanding—paid in installments or in a single, lump-sum payment—rose by a hefty 34 percent between fourth-quarter

Selected Federal Reserve Data

(Averages of Daily Figures—Billions of Dollars)

	Week Ending 9/18/85	$ Change Since Week Ago	$ Change Since Year Ago
Reserve Bank Credit			
U.S. Gov'ts and Agencies Owned Outright & RPs	178.816	– .513	+16.487
Loans to Depository Inst.	1.079	– .012	– 6.244
Float	.392	– .392	– .387
Total Reserve Bank Credit	192.964	– .615	+14.042
Treasury Deposits with Federal Reserve Banks	3.354	– .436	– 2.248
Currency in Circulation	188.682	– .693	+12.123
Gov'ts held for Foreign Acct. by F.R. Banks (End-of-Week)	129.130	+ .922	+ 9.886
	9/11/85		
Member Bank Reserves:			
Total Reserves Held	43.079	+ .654	+ 5.030
Excess (Deficiency)	.649	– .322	+ .015
Net Borrowed Reserves	.074	+ .567	– .046
		% Change Since Three Months Ago*	% Change Since Year Ago
Monetary Aggregates †			
M1 (9/9/85)	613.4	+ 15.9‡	+ 10.7‡
M2 (August '85)	2,513.4	+ 11.3	+ 9.6
M3 (August '85)	3,136.0	+ 7.8	+ 8.9
Domestic Nonfinancial Debt (2nd Q'85)	6,317.3	+ 12.2	+ 13.6

†Seasonally adjusted. * Seasonally adjusted annual rate. ‡ Four-week moving average.

New York Money Market

Offering Rates 9/20/85	3 Months	6 Months	1 Year
‡U.S. Treasury Bills	7.02%	7.28%	7.50%
* Federal Agencies	7.95	8.20	9.10
* Municipal Notes—High Grade (46% Taxable Equivalent)	9.26	9.72	10.00
Negotiable Time CDs Manufacturers Hanover		Rates By Arrangement	
* Secondary Market—Prime	7.95	8.10	8.50

‡Finance Company Paper—Prime		‡* Bankers' Acceptances	
5- 14 days	7.80%	Oct.	7.93%
15- 29 days	7.90	Nov.	7.93
30- 59 days	7.88	Dec.	7.93
60- 89 days	7.88	Jan.	7.93
90-179 days	7.88	Feb.	7.93
180-239 days	7.85	Mar.	7.93
240-270 days	7.85		

‡Industrial Paper—Prime			
30- 89 days	7.88%	†Federal Funds Effective Rate	7.95%
90-120 days	7.88		

‡Discount basis. * Subject to availability. † Estimated.

Selected Business Indicators

(All Dollar Figures in Billions)

	Latest Period or End of Period		Previous Period	Year Ago Period
Gross National Product (Current Dollars)*	2nd Q'85	$ 3,853r	$ 3,811	$ 3,645
Gross National Product (1972 Dollars)*	2nd Q'85	$ 1,671r	$ 1,664	$ 1,639
Percent Change, Annual Rate	2nd Q'85	1.9r	0.3	7.1
Change in Consumer Prices*	Jul '85	2.4%	2.4%	3.6%
Change in Producer Prices*	Aug '85	– 3.6%	3.6%	– 2.4%
Civilian Employment (Thousands of Persons) †	Aug '85	107,172	106,862	105,148
Unemployment as % of Civilian Labor Force †	Aug '85	7.0%	7.3%	7.5%
Personal Income*	Aug '85n	$ 3,199	$ 3,190r	$ 3,046
Leading Indicators Composite Index (1967=100)†	Jul '85	168.7	168.0	163.9
Industrial Production Index (1977=100) †	Aug '85	124.8	124.4	123.5
Net Change in Consumer Installment Credit †	Jul '85n	$ 6.25	$ 5.23r	$ 6.48
U.S. Merchandise Trade Balance †	Jul '85	–$ 10.51	–$ 13.42	–$ 13.77
Plant and Equipment Expenditures*	4th Q'85	$387.40(a)	$389.54(a)	$368.29
Private Housing Starts (Thousands of Units)*	Aug '85n	1,749	1,647r	1,590
New Construction Expenditures*	Jul '85	$ 349.5	$ 345.4	$ 319.1
Total Business Inventories †	Jul '85n	$ 579.8	$ 579.7r	$ 557.2
Total Business Sales †	Jul '85n	$ 422.2	$ 418.4r	$ 412.2

*Seasonally adjusted annual rate. †Seasonally adjusted. n-Newly reported figure. r-Revised. a-Anticipated.

1982 and first-quarter 1985. Consumer installment credit soared 20 percent in 1984 alone, the highest annual increase since 1955. Consumer installment debt outstanding now stands at a record 18.7 percent of disposable incomes, and people must now set aside 3.5 percent of their after-tax incomes just to pay the interest on this debt; it was only 2.4 percent, on average, during the 1970s.

However, the Federal Reserve estimates that almost half of the installment credit outstanding is owed by households in the top income bracket. This proportion is a substantial increase from 1977, when the richest households held 36 percent of such credit, and from 1970 when they accounted for only 22 percent. Thus, those who possess the debt are probably the best able to service it, if not take on more, suggesting that worries about indebtedness may be now less appropriate than they have been in the past. Add to this the fact that credit cards are used increasingly for convenience rather than for borrowing, with the holder often paying the entire balance each billing period, and the actual burden of outstanding debt diminishes even further. The Fed estimates that if such convenience use is netted out, the rate of debt to income would be about one percentage point lower than it now is.

Short Term Paper Outstanding

(Millions of Dollars)

	Latest Week	Change Since Week Ago	Change Since Year Ago
Time Deposits of $100,000 or more Weekly Reporting Banks			
Nationwide (9/4/85)	155,538	– 764	– 1,778
New York City (9/11/85)	32,625	+ 10	– 2,481
Commercial Paper (9/11/85)	273,331	– 662	+48,979

Bank Loans

(Millions of Dollars)

Commercial and Industrial Loans

Weekly Reporting Large Commercial Banks	Latest Week	Change Since Week Ago	Change Since Year Ago
Nationwide (9/4/85)	253,303	+ 1,720	+ 7,322
New York City (9/11/85)	60,336	– 415	– 4,706

Total Loans and Leases Gross Adjusted

	Latest Week	Change Since Week Ago	Change Since Year Ago
Nationwide (9/4/85)	589,726	+ 7,847	+ 61,438
New York City (9/11/85)	152,335	– 2,320	+ 10,882

Financial Markets

	Friday 9/20/85	Change Since Week Ago	Change Since Year Ago
U.S. Governments, Closing Yields:			
90-Day Bills†	7.21%	– .20	– 3.46
180-Day Bills†	7.63	+ .11	– 3.38
Longest Bills†	8.03	– .07	– 3.30
Recent Issues:			
9s 9/30/87 (When Issued)	9.01	NA	
9⅝s 6/30/89	9.60	– .05	
10¼s 8/15/95	10.34	– .04	
10⅝s 8/15/15	10.57	– .03	
Municipals:			
Bond Buyer–20 Bond Index* (9/19/85)	9.35%	+ .09	– .60
Blue List Total ($ Million)	$1,958	+ $ 84	+ $ 395
30-Day Visible Supply ($ Million)	$3,786	– $945	+ $ 72
Total	$5,744	– $861	+ $ 467
Corporates:			
Moody's Aa Composite (9/19/85)	11.51%	– .03	– 1.62
30-Day Visible Supply ($ Million)	$2,978	+ $593	+ $1,683
Stocks:			
Dow-Jones Averages:			
Industrials	1,297.94	– 9.74	+ 96.20
Transportation	649.34	– 9.13	+ 130.65
Utilities	152.80	+ .20	+ 17.49
65 Stocks	532.93	– 4.27	+ 61.71
Standard and Poor's 500 Stocks	182.05	– .86	+ 16.38
N.Y.S.E. Composite Index	105.39	– .46	+ 9.72
N.Y.S.E. Avg. Daily Vol. for Week (000's)	97,356	– 5,498	– 8,768

* 46% Taxable equivalent 17.31%.

† Bond equivalent.

International Rates

EURODOLLAR DEPOSIT RATES (bid)	Friday 9/20/85	Week Ago
Overnight	7.88%	7.75%
1 month	8.06	8.19
3 month	8.13	8.38
6 month	8.38	8.63
1 year	8.75	9.06
EURODOLLAR BONDS		
Average Yield		
Medium Term (5 to 7 yrs.)	10.27%	10.15%
Long Term (7 to 15 yrs.)	10.68	10.60

FOREIGN EXCHANGE SPOT RATES New York Opening (9/20/85)	U.S. $ Equivalent	Currency Per U.S. $
Belgium	.01715	58.3000
Canada	.7252	1.3789
Denmark	.09562	10.4580
France	.1136	8.8000
Germany	.3465	2.8858
Italy	.0005149	1942.00
Japan	.004130	242.15
Mexico	.002561	390.50
Netherlands	.3081	3.2453
Switzerland	.4222	2.3685
U.K.	1.3528	.7392

Quality. Loyalty. Consistency.℠

Some things shouldn't change. And these three words express the abiding philosophy which sets Manufacturers Hanover apart from other global financial institutions. At Manufacturers Hanover a lot of good people make this philosophy live. They put quality into the services we offer, make loyalty to our customers paramount, and give consistency to our approach and performance. If you value character as well as size and scope, consider the source.®

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